

STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE  
HEALTH CARE SERVICE PLAN

1

**QUARTERLY FINANCIAL REPORTING FORM**

Submitted on 5/17/2004 4:39:12 PM

		1
1.	FOR THE QUARTER ENDING:	March 31, 2004
2.	Name:	<b>PacifiCare Dental</b>
3.	File Number:(Enter last three digits)                      933-0	<b>100</b>
4.	Date Incorporated or Organized:	1979
5.	Date Licensed as a HCSP:	1979
6.	Date Federally Qualified as a HCSP:	1979
7.	Date Commenced Operation:	1979
8.	Mailing Address:	5995 Plaza Drive, 4th Floor, Cypress, CA 90630
9.	Address of Main Administrative Office:	5995 Plaza Drive, 4th Floor, Cypress, CA 90630
10.	Telephone Number:	(714) 513-6494
11.	HCSP's ID Number:	95-2797931
12.	Principal Location of Books and Records:	5995 Plaza Drive, 4th Floor, Cypress, CA 90630
13.	Plan Contact Person and Phone Number:	Elizabeth Hays (714) 226-3106
14.	Financial Reporting Contact Person and Phone Number:	John Burch (714) 226-3873
15.	President:*	Jerome Vincent Vaccaro, M.D.
16.	Secretary:*	Joseph Samuel Konowiecki
17.	Chief Financial Officer:*	Chris D. Boles - VP, Finance
18.	Other Officers:*	John W. Whalley - VP, Sales & Svc
19.		Gregory Winfield Scott - Treasurer
20.		
21.		
22.	Directors:*	Bradford Alan Bowlus
23.		Pam Song Goetz
24.		Jerome Vincent Vaccaro, M.D.
25.		
26.		
27.		
28.		
29.		
30.		
31.		

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

32.	President	Jerome Vincent Vaccaro, M.D. <i>(Signature required, please type for valid signature)</i>
33.	Secretary	Joseph Samuel Konowiecki <i>(Signature required, please type for valid signature)</i>
34.	Chief Financial Officer	Chris D. Boles - VP, Finance <i>(Signature required, please type for valid signature)</i>
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.		
35.	Check if this is a revised filing, and complete question 7 on page 2: <input type="checkbox"/>	
36.	If all dollar amounts are reported in thousands (000), check here: <input type="checkbox"/>	

Check My Work

**STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE  
HEALTH CARE SERVICE PLAN**

## QUARTERLY FINANCIAL REPORTING FORM

### SUPPLEMENTAL INFORMATION

	1
1. Are footnote disclosures attached with this filing?	Yes <input type="button" value="▼"/>
2. Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	No <input type="button" value="▼"/>
3. Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	Yes <input type="button" value="▼"/>
4. Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets).	No <input type="button" value="▼"/>
5. Are there any significant changes reported on Schedule G, Section III?	No <input type="button" value="▼"/>
6. If "yes", describe:	
7. If this is a revised reporting form, what is/are the reason(s) for the revision?	

## STATEMENT AS OF 3-31-2004 OF 933-0100 PacifiCare Dental

## REPORT #1 ---- PART A: ASSETS

1	2
<b>CURRENT ASSETS:</b>	Current Period
1. Cash and Cash Equivalents	9,016,149
2. Short-Term Investments	
3. Premiums Receivable - Net	484,615
4. Interest Receivable	347
5. Shared Risk Receivables - Net	
6. Other Health Care Receivables - Net	70
7. Prepaid Expenses	146,256
8. Secured Affiliate Receivables - Current	
9. Unsecured Affiliate Receivables - Current	968,590
10. Aggregate Write-Ins for Current Assets	318,804
11. TOTAL CURRENT ASSETS (Items 1 to 10)	10,934,831
<b>OTHER ASSETS:</b>	
12. Restricted Assets	50,000
13. Long-Term Investments	
14. Intangible Assets and Goodwill - Net	
15. Secured Affiliate Receivables - Long-Term	
16. Unsecured Affiliate Receivables - Past Due	
17. Aggregate Write-Ins for Other Assets	585,682
18. TOTAL OTHER ASSETS (Items 12 to 17)	635,682
<b>PROPERTY AND EQUIPMENT</b>	
19. Land, Building and Improvements	
20. Furniture and Equipment - Net	40,676
21. Computer Equipment - Net	3,320
22. Leasehold Improvements -Net	
23. Construction in Progress	
24. Software Development Costs	
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	43,996
27. TOTAL ASSETS	11,614,509
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS</b>	
1001. Deferred Tax Asset - Long Term	318,804
1002.	
1003.	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	318,804
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS</b>	
1701. Deferred Tax Asset - Long Term	495,358
1702. Other Assets	90,324
1703. Rounding	0
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	585,682
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT</b>	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

## STATEMENT AS OF 3-31-2004 OF 933-0100 PacifiCare Dental

## REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
<b>CURRENT LIABILITIES:</b>	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	187,451	XXX	187,451
2. Capitation Payable		XXX	0
3. Claims Payable (Reported)	72,118	14,556	86,674
4. Incurred But Not Reported Claims	472,796	95,428	568,224
5. POS Claims Payable (Reported)			0
6. POS Incurred But Not Reported Claims			0
7. Other Medical Liability	12,819		12,819
8. Unearned Premiums	3,568,371	XXX	3,568,371
9. Loans and Notes Payable		XXX	0
10. Amounts Due To Affiliates - Current	3,333,760	XXX	3,333,760
11. Aggregate Write-Ins for Current Liabilities	650,497	0	650,497
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	8,297,812	109,984	8,407,796
<b>OTHER LIABILITIES:</b>			
13. Loans and Notes Payable (Not Subordinated)		XXX	0
14. Loans and Notes Payable (Subordinated)		XXX	0
15. Accrued Subordinated Interest Payable		XXX	0
16. Amounts Due To Affiliates - Long Term		XXX	0
17. Aggregate Write-Ins for Other Liabilities	467,472	XXX	467,472
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	467,472	XXX	467,472
19. TOTAL LIABILITIES	8,765,284	109,984	8,875,268
<b>NET WORTH</b>			
20. Common Stock	XXX	XXX	2,121
21. Preferred Stock	XXX	XXX	
22. Paid In Surplus	XXX	XXX	
23. Contributed Capital	XXX	XXX	
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	2,737,120
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	0
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	2,739,241
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	11,614,509
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES</b>			
1101. Commissions	248,412		248,412
1102. Compensation	315,037		315,037
1103. Deferred Income Taxes	87,048		87,048
1104.			0
1198. Summary of remaining write-ins for Item 11 from overflow page			0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	650,497	0	650,497
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES</b>			
1701. Deferred Income Taxes - Long Term	467,472	XXX	467,472
1702.		XXX	0
1703.		XXX	0
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	467,472	XXX	467,472
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS</b>			
2501. Rounding	XXX	XXX	0
2502.	XXX	XXX	
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	0

## STATEMENT AS OF 3-31-2004 OF 933-0100 PacifiCare Dental

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
<b>REVENUES:</b>		
1. Premiums (Commercial)	8,375,942	8,375,942
2. Capitation		
3. Co-payments, COB, Subrogation		
4. Title XVIII - Medicare	2,884,418	2,884,418
5. Title XIX - Medicaid		
6. Fee-For-Service		
7. Point-Of-Service (POS)		
8. Interest	24,116	24,116
9. Risk Pool Revenue		
10. Aggregate Write-Ins for Other Revenues	0	0
11. TOTAL REVENUE (Items 1 to 10)	11,284,476	11,284,476
<b>EXPENSES:</b>		
<b>Medical and Hospital</b>		
12. Inpatient Services - Capitated		
13. Inpatient Services - Per Diem		
14. Inpatient Services - Fee-For-Service/Case Rate		
15. Primary Professional Services - Capitated	3,762,600	3,762,600
16. Primary Professional Services - Non-Capitated	1,806,279	1,806,279
17. Other Medical Professional Services - Capitated		
18. Other Medical Professional Services - Non-Capitated	112,309	112,309
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	7,582	7,582
20. POS Out-Of-Network Expense		
21. Pharmacy Expense - Capitated		
22. Pharmacy Expense - Fee-for-Service		
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	24,395	24,395
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	5,713,165	5,713,165
<b>Administration</b>		
25. Compensation	1,324,801	1,324,801
26. Interest Expense		
27. Occupancy, Depreciation and Amortization	38,866	38,866
28. Management Fees		
29. Marketing	696,678	696,678
30. Affiliate Administration Services	3,646,015	3,646,015
31. Aggregate Write-Ins for Other Administration	603,835	603,835
32. TOTAL ADMINISTRATION (Items 25 to 31)	6,310,195	6,310,195
33. TOTAL EXPENSES	12,023,360	12,023,360
34. INCOME (LOSS)	-738,884	-738,884
35. Extraordinary Item		
36. Provision for Taxes	-291,121	-291,121
37. NET INCOME (LOSS)	-447,763	-447,763
<b>NET WORTH:</b>		
38. Net Worth Beginning of Period	8,687,004	8,687,004
39. Audit Adjustments		
40. Increase (Decrease) in Common Stock		
41. Increase (Decrease) in Preferred Stock		
42. Increase (Decrease) in Paid in Surplus		
43. Increase (Decrease) in Contributed Capital		
44. Increase (Decrease) in Retained Earnings:		
45. Net Income (Loss)	-447,763	-447,763
46. Dividends to Stockholders	-5,500,000	-5,500,000
47. Aggregate Write-Ins for Changes in Retained Earnings	0	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0	0
49. NET WORTH END OF PERIOD (Items 38 to 48)	2,739,241	2,739,241

## STATEMENT AS OF 3-31-2004 OF 933-0100 PacifiCare Dental

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2	3
	Current Period	Year-to-Date
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES</b>		
1001.		
1002.		
1003.		
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES</b>		
2301. Other Medical Expenses	24,395	24,395
2302.		
2303.		
2304.		
2305.		
2306.		
2398. Summary of remaining write-ins for Item 23 from overflow page		
2399. TOTALS (Items 2301 thru 2306 plus 2398)	24,395	24,395
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES</b>		
3101. Royalties	197,056	197,056
3102. Others	406,779	406,779
3103. Rounding	0	0
3104.		
3105.		
3106.		
3198. Summary of remaining write-ins for Item 31 from overflow page		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	603,835	603,835
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS</b>		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS</b>		
4801.		
4802.		
4803.		
4804.		
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	0	0

**REPORT #3: STATEMENT OF CASH FLOWS**

1	2	3
	Current Period	Year-to-Date
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>		
1. Group/Individual Premiums/Capitation	8,358,800	8,358,800
2. Fee-For-Service		
3. Title XVIII - Medicare Premiums	2,884,418	2,884,418
4. Title XIX - Medicaid Premiums		
5. Investment and Other Revenues	23,699	23,699
6. Co-Payments, COB and Subrogation		
7. Medical and Hospital Expenses	-5,697,568	-5,697,568
8. Administration Expenses	-7,242,001	-7,242,001
9. Federal Income Taxes Paid	312,321	312,321
10. Interest Paid		
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	-1,360,331	-1,360,331
<b>CASH FLOW PROVIDED BY INVESTING ACTIVITIES</b>		
12. Proceeds from Restricted Cash and Other Assets		
13. Proceeds from Investments		
14. Proceeds for Sales of Property, Plant and Equipment		
15. Payments for Restricted Cash and Other Assets		
16. Payments for Investments		
17. Payments for Property, Plant and Equipment		
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	0	0
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES:</b>		
19. Proceeds from Paid in Capital or Issuance of Stock		
20. Loan Proceeds from Non-Affiliates		
21. Loan Proceeds from Affiliates		
22. Principal Payments on Loans from Non-Affiliates		
23. Principal Payments on Loans from Affiliates		
24. Dividends Paid	-5,500,000	-5,500,000
25. Aggregate Write-Ins for Cash Provided by Financing Activities	0	0
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	-5,500,000	-5,500,000
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	-6,860,331	-6,860,331
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	15,876,480	15,876,480
29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	9,016,149	9,016,149
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
30. Net Income	-447,763	-447,763
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</b>		
31. Depreciation and Amortization	25,125	25,125
32. Decrease (Increase) in Receivables	60,708	60,708
33. Decrease (Increase) in Prepaid Expenses	41,884	41,884
34. Decrease (Increase) in Affiliate Receivables	-670,714	-670,714
35. Increase (Decrease) in Accounts Payable	-331,563	-331,563
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	15,597	15,597
37. Increase (Decrease) in Unearned Premium	-77,849	-77,849
38. Aggregate Write-Ins for Adjustments to Net Income	24,664	24,664
39. TOTAL ADJUSTMENTS (Items 31 through 38)	-912,148	-912,148
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	-1,359,911	-1,359,911
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
2599. TOTALS (Items 2501 thru 2503 plus 2598)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME</b>		
3801. Income Taxes	21,200	21,200
3802. Capitation		
3803. Commission	3,464	3,464
3898. Summary of remaining write-ins for Item 38 from overflow page		
3899. TOTALS (Items 3801 thru 3803 plus 3898)	24,664	24,664

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**REPORT #4: ENROLLMENT AND UTILIZATION TABLE****TOTAL ENROLLMENT**

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encounters for Period			10 Total Patient Days Incurred	11 Annualized Hospital Days/1000	12 Average Length of Stay
						7 Physicians	8 Non-Physicians	9 Total			
1. Group (Commercial)	204,763	16,990	22,416	199,337	604,281			0		0	
2. Medicare Risk	44,677	4,864	4	49,537	146,858			0		0	
3. Medi-Cal Risk				0				0			
4. Individual	88,688	7,233	2,469	93,452	280,734			0		0	
5. Point of Service				0				0			
6. Aggregate write-ins for Other	0	0	0	0	0	0	0	0	0		
7. Total Membership	338,128	29,087	24,889	342,326	1,031,873	0	0	0	0	0	
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT											
601. Small Group				0				0			
602. Healthy Families				0				0			
603. AIM				0				0			
604. Medicare Cost				0				0			
605. ASO				0		N/A	N/A	N/A	N/A	N/A	N/A
606. PPO				0				0			
607.				0				0			
608.				0				0			
609.				0				0			
610.				0				0			
611.				0				0			
612.				0				0			
Summary of remaining write-ins for											
698. Item 6 from overflow page				0				0			
Totals (lines 601 through 612 plus											
699, 698) (Line 6 above)	0	0	0	0	0	0	0	0	0		

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**SCHEDULE A-1 (CASH)**

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. N/A		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9. Total Cash on Deposit		0
10. Cash on Hand (Petty Cash)		
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		0

**SCHEDULE A-2 RESTRICTED ASSETS**

1	2	3
Name of Depository (List all accounts even if closed during period)	Account Number	Balance*
12. N/A		
13.		
14.		
15.		
16.		
17.		
18.		
19. Total Restricted Assets		0

\* Indicate the Balance Per the HMO's Records

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## STATEMENT AS OF 3-31-2004 OF 933-0100 PacifiCare Dental

**SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)**

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premiums receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	Pac Advantage	31,876	54,146	33,804	0	119,826
2.	The Boeing Co (McDonnell Douglas Ret.)	16,114	32,227	16,114	53,820	118,275
3.	County of San Diego	83,964	0	0	0	83,964
4.	In-n-Out Burger / Prepaid	47,433	0	0	0	47,433
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.						0
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41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	179,387	86,373	49,918	53,820	369,498

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## STATEMENT AS OF 3-31-2004 OF 933-0100 PacifiCare Dental

**SCHEDULE D**  
**HEALTH CARE RECEIVABLES &**  
**AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES**

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	PacifiCare of California	0	0	0	26,772	26,772
2.	PacifiCare of Nevada	27,769	18,362	25,646	84,904	156,681
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
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23.						0
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33.						0
34.						0
35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	27,769	18,362	25,646	111,676	183,453

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## STATEMENT AS OF 3-31-2004 OF 933-0100 PacifiCare Dental

## SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under contract.

1	2	3	4	5	6	7
Name of Debtor	1-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	Total
1. N/A						0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23. Aggregate Accounts Not Individually Listed - Due						0
24. Total	0	0	0	0	0	0

\*\*

**SCHEDULE G - UNPAID CLAIMS ANALYSIS**  
**SECTION I - CLAIMS UNPAID**

	1	2	3
Type of Claim	Reported Claims in Process of Adjustment	Estimated Incurred but Unreported	Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims			0
2. Physician Claims	72,118	472,796	544,914
3. Referral Claims	14,556	95,428	109,984
4. Other Medical			0
5. TOTAL	86,674	568,224	654,898

**SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)**

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims					0	
9. Other Medical					0	
10. TOTAL	0	0	0	0	0	0

**SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED\***

	1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11.							
12.	January 31, 2004	673	3,639	3,968	679	908	573
13.	February 29, 2004	573	4,030	3,702	699	546	748
14.	March 31, 2004	748	4,824	5,063	1,040	1,144	613
15.	April 30, 2004						0
16.	May 30, 2004						0
17.	June 30, 2004						0
18.	July 31, 2004						0
19.	August 31, 2004						0
20.	September 30, 2004						0
21.	October 31, 2004						0
22.	November 30, 2004						0
23.	December 31, 2004						0

\* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

\*\*

**STATEMENT AS OF 3-31-2004 OF 933-0100 PacifiCare Dental**

**SCHEDULE H - AGING OF ALL CLAIMS**

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
1.	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
2.	January 31, 2004	573				573
3.	February 29, 2004	748				748
4.	March 31, 2004	613				613
5.	April 30, 2004					0
6.	May 30, 2004					0
7.	June 30, 2004					0
8.	July 31, 2004					0
9.	August 31, 2004					0
10.	September 30, 2004					0
11.	October 31, 2004					0
12.	November 30, 2004					0
13.	December 31, 2004					0

\*\*

**STATEMENT AS OF 3-31-2004 OF 933-0100 PacifiCare Dental**

**SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID**

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Outstanding Liability (Based on plan's lag
1. March 31, 2004	654,898	XXX	654,898	531,347
2. December 31, 2003	639,301	447,811	191,490	79,106
3. September 30, 2003	698,532	541,115	157,417	29,960
4. June 30, 2003	689,543	555,229	134,314	14,485
5. March 31, 2003	1,123,573	877,012	246,561	
6. December 31, 2002	1,119,376	772,270	347,106	
7. September 30, 2002	842,530	719,866	122,664	
8. June 30, 2002	861,508	741,619	119,889	

\* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

\*\*

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NOTES TO FINANCIAL STATEMENTS	
1.	See Attached File
2.	
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OVERFLOW PAGE FOR WRITE-INS	
1.	The IBNR accrual estimates are developed from historical claims paid data using lag development tables
2.	and restated membership, using the following process:
3.	
4.	(1) Lines of business are determined by considering the state or broad market, the product (usually Comm-
5.	ercial or Secure Horizons), the network (method of reimbursing providers) and the member benefits.
6.	
7.	(2) Paid Claims are aggregated by line of business into a triangle form based on incurred and paid dates.
8.	
9.	(3) Successive durational 3-month, 6-month, and 12-month and middle-4 sums are used to generate lag
10.	factors.
11.	
12.	(4) Lag factors are applied to paid dollars by incurred date to get the ultimate incurred estimate by in-
13.	curring month.
14.	
15.	(5) Ultimate incurred values are divided by restated membership to get the estimated ultimate claims per
16.	member per incurred month (PMPM).
17.	
18.	(6) Because the most recent months are not statistically valid, an average of prior PMPMs is used.
19.	
20.	(7) The standard calculation for the most recent 2 incurred months PMPM values is to use the average
21.	of 6 months PMPMs throwing out the low and high values in the incurred months 3 through 10 with
22.	judgement applied as required.
23.	
24.	(8) PMPMs for the most recent 2 incurred months based on historical PMPMs are multiplied by member-
25.	ship to get the estimated ultimate incurred.
26.	
27.	(9) Ultimate incurreds are trended forward from the mid-point of the averaging period at 5% annual trend
28.	when determining the plug months PMPMs.
29.	
30.	(10) IBNR by incurred month is calculated by taking the estimated ultimate incurred for each incurred
31.	month less the paid claims to date for that incurred month. Total IBNR is the sum of the IBNR by
32.	incurred month.
33.	
34.	(11) Any other factors that may in the actuary's judgement affect the estimate of reserves may be
35.	incorporated into the models.
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## STATEMENT AS OF 3-31-2004 OF 933-0100 PacifiCare Dental

**KNOX-KEENE**  
**SUPPLEMENTAL INFORMATION**  
**PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68**

	1	2	3	4	5
A.	Explanation of the method of calculating the provision for incurred and unreported claims:				
1.					
B.	Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:				
	Name of Debtor	Nature of Relationship	Nature of Receivable	Amount	Terms
2.					
3.					
4.					
5.					
6.					
C.	Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:				
	Donor's Name	Affiliation with Reporting Entity	Valuation Method	Amount	
7.					
8.					
9.					
10.					
11.					
D.	Forgiven debt or obligations, as detailed below:				
	Creditor's Name	Affiliation with Reporting Entity	Summary of How Obligation Arose	Amount	
12.					
13.					
14.					
15.					
E.	Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:				
16.	Net Equity			\$	2,739,241
17.	Add: Subordinated Debt			\$	
18.	Less: Receivables from officers, directors, and affiliates			\$	
19.	Intangibles			\$	
20.	Tangible Net Equity (TNE)			\$	2,739,241
21.	Required Tangible Net Equity (See Page 22)			\$	243,885
22.	TNE Excess (Deficiency)			\$	2,495,356
F.	Percentage of administrative costs to revenue obtained from subscribers and enrollees:				
23.	Revenue from subscribers and enrollees			\$	11,260,360
24.	Administrative Costs			\$	6,310,196
25.	Percentage				56
26.	The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:			\$	542,716
27.	Total costs for health care services for the immediately preceding six months:			\$	11,163,784
28.	Percentage				5

		1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be</u> paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>		
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	0
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	0
37. Deposit required (100% of Line 36)	\$	0
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	0
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	
40. Total premium revenue earned	\$	
41. Percentage		0
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	
43. Total health care expenditures	\$	
44. Percentage		0
45. Point-of-Service Enrollment at end of period		
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		
47. Non-Physician		
48. Total		0
49. Total Patient Days Incurred for Point-of-Service enrollees		
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		
51. Average Length of Stay for Point of Service enrollees		
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	
55. Total	\$	0
56. Total times 120%	\$	0
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	

**STATEMENT AS OF 3-31-2004 OF 933-0100 PacifiCare Dental**

**REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:**

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

		Full Service Plans		Specialized Plans	
		1		2	
<b>A.</b>	Minimum TNE Requirement	\$ 1,000,000		\$ 50,000	
<b>B.</b>	REVENUES:				
1.	2% of the first \$150 million of annualized premium revenues	\$		\$ 150,000	
	Plus				
2.	1% of annualized premium revenues in excess of \$150 million	\$		\$ 37,604	
3.	Total	\$ 0		\$ 187,604	
<b>C.</b>	HEALTHCARE EXPENDITURES:				
4.	8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$		\$ 147,060	
	Plus				
5.	4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$		\$	
	Plus				
6.	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$		\$	
7.	Total	\$ 0		\$ 147,060	
8.	Required "TNE" - Greater of "A" "B" or "C"	\$		\$	

**KNOX -KEENE  
SUPPLEMENTAL INFORMATION  
PURSUANT TO SECTIONS 1374.64**

**POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION**

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1	
1. Net Equity	\$	2,739,241
2. Add: Subordinated Debt	\$	
3. Less: Receivables from officers, directors, and affiliates	\$	
4. Intangibles	\$	
5. Tangible Net Equity (TNE)	\$	2,739,241
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$	
7. TNE Excess (Deficiency)	\$	2,739,241
<b>ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION (Complete Section I or II):</b>		
<b>I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):</b>		
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$	
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$	
10. Add lines 8 and 9	\$	0
<b>II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):</b>		
<b><u>PART A</u></b>		
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24)	\$	
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$	
13. Add lines 11 and 12	\$	0
<b>III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING</b>		
14. Line 5 (above)	\$	2,739,241
15. Multiply Line 6 (above) by 130%	\$	0
16. Difference (Line 14 - Line 15)	\$	2,739,241
<b>If Line 14 is less than Line 15, then monthly reporting is required</b>		

## STATEMENT AS OF 3-31-2004 OF 933-0100 PacifiCare Dental

## WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>

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